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Market and Financial Feasibility of the Proposed Discovery Pavilion in Citywalk at Universal City

Harrison Price Company



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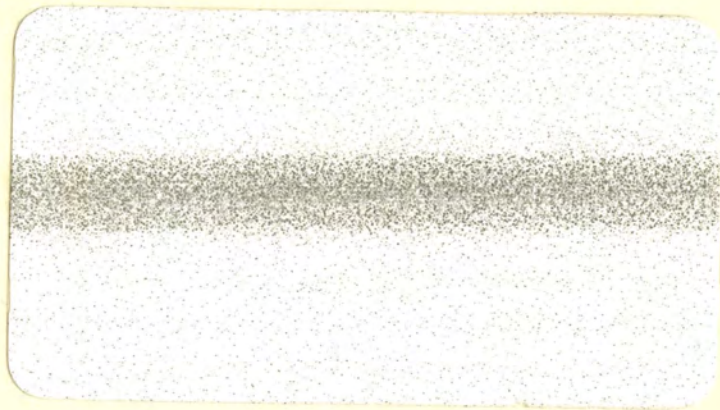
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HARRISON PRICE COMPANY

**MARKET AND FINANCIAL FEASIBILITY
OF THE PROPOSED
DISCOVERY PAVILION IN CITYWALK
AT UNIVERSAL CITY**

Prepared for:

Discovery Pavilion

September 28, 1990

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Executive Summary

MARKET AND FINANCIAL FEASIBILITY OF THE PROPOSED DISCOVERY PAVILION IN CITYWALK AT UNIVERSAL CITY

Harrison Price Company (HPC) conducted a study to determine the economic viability of the proposed Discovery Pavilion to be located in the new CityWalk area of Universal City. The following points summarize the major conclusions of the research and analysis.

- Discovery Pavilion's location in CityWalk makes it central to one of the most affluent and densely populated markets in the United States.
- Population within a 10 mile radius (Primary Market Area) is estimated at 2.4 million. The Extended Primary Market Area, which includes all of Los Angeles County, has a population of 8.6 million.
- 1989 visitation to Universal City was approximately 9.3 million. Additional visitation attributable to CityWalk is projected at 5.0 million visitors by 1994.
- Discovery Pavilion plans to offer scholarships to allow Los Angeles County and City school children free entrance to Discovery Pavilion. Children enrolled in these elementary and secondary institutions total 1.3 million, indicating a large and available market of school children.
- There are seven youth-oriented museums in the Los Angeles region with a combined total attendance of approximately 6.1 million. While the market is very competitive, Discovery Pavilion is well positioned in terms of its concept and location to achieve excellent attendance.
- A survey of small children's and science museums throughout the United States indicates that market area size alone is not the determining factor in attendance. Performance at the facilities surveyed indicates an attendance ceiling of approximately 250,000. For Discovery Pavilion to capture an attendance in excess of 250,000 requires a program at least on a par with the top museums in the United States.

- It is HPC's opinion that the superior location of Discovery Pavilion at CityWalk and the innovative concept for the facility will allow it to attain attendance ranging from 300,000 to 350,000 visitors annually assuming a 19,400 square-foot facility.
- If Discovery Pavilion breaks through even optimistic patronage patterns, an annual attendance of 430,000 is possible as a theoretical maximum attendance.
- An operating pro forma based on 350,000 attendance and moderate pricing of \$4.50 for adults and \$2.00 for children puts the Discovery Pavilion within the top five percent of childrens' museums and small science centers based on its relatively high earned income to expense ratio. Subject to reasonable annual fundraising performance, Discovery Pavilion, as presently conceived and located, is an economically viable institution. Further, it will perform a needed and essential role in the greater Los Angeles community.

DISCOVERY PAVILION MEMORANDUM REPORT

INTRODUCTION

Discovery Pavilion is exploring the market and financial feasibility of locating in the new CityWalk area of Universal City. CityWalk will add approximately 205,000 square feet of entertainment, restaurant, and retail space to the existing entertainment complex at Universal City. Discovery Pavilion would complement UCLA Extension, an anchor of the project, as a major cultural draw to the area. As a basis for discussion with MCA, and ultimately to assist in raising the necessary capital for the project, Discovery Pavilion commissioned Harrison Price Company to conduct an economic study to estimate probable attendance, revenue and operating expense. The following paragraphs summarize results of the study including a demographic analysis: a discussion of several surveys of comparable facilities; projected attendance and design day parameters of the proposed project; and a 10 year operating pro forma under several sets of pricing and attendance assumptions.

AVAILABLE MARKET

Universal City is located within one of the most affluent and densely populated markets in the United States. **Table 1** presents an analysis of the several markets available to Discovery Pavilion, including resident market area population, current Universal City visitation, and projected visitation to the CityWalk addition.

Resident Market Area Population

The Primary Market Area is defined as a 10 mile radius around Universal City. Population in this region is currently estimated at 2.4 million, increasing by approximately 150,000 to an estimated 2,542,000 in 1994. The Extended Primary Market Area includes all of Los Angeles County. Currently, population is estimated at 8.6 million, with a projected 1994 population of 9.2 million. These data indicate that Discovery Pavilion will be located in the second largest market area in the United States.

Table 1

DISCOVERY PAVILION MARKET AREA POPULATIONS

	5 Miles (000)	10 Miles (000)	Los Angeles County (000)
1989	608.5	2,392.2	8,556.5
1994	655.9	2,541.8	9,218.5
Age, Median (years)	35.3	32.9	31.5
Average Household Income	\$43,228	\$40,236	\$41,264
Median School Years	12.93	12.76	12.66
Percent 4+ Years College	24.6	21.8	18.5

UNIVERSAL CITY VISITATION, 1989

	Number (000)	Percent		
		Local	National	International
Tour	5,091	17	54	29
Cineplex	1,895	95	3	2
Amphitheater	675	95	3	2
Restaurants	1,030	40	32	28
Hotels	560	5	90	5

PROJECTED VISITATION TO CITYWALK, 1994

Existing Universal City Complex	9,251,000 Visitors (1989)
CityWalk (Total)	5,000,000 Visitors
Rockplex	2,000,000
Other Retail	2,000,000
Themed Restaurants	1,000,000

Source: Harrison Price Company.

Studies indicate that the propensity to visit cultural facilities is directly related to affluence and education. Average household income in the Primary and Extended Primary Market Area indicates a relatively affluent population, with respective incomes of \$40,236 and \$41,264, compared with a 1989 national average of \$35,574.

Statistics also indicate a relatively well educated population. Median years of education in the Primary and Extended Primary Market areas is above the national level of 12.50, at 12.76 and 12.66, respectively, as is the percent of the population with four or more years of college. In the two market areas the percentage with college or advanced degrees is 21.8 and 18.5 percent, respectively, compared with 16.2 percent nationally.

Universal City Visitation

The enormous on-site pedestrian population at Universal City makes it one of the most visible and busiest entertainment areas in the world, with potentially great benefits to Discovery Pavilion attendance. Conversely, Discovery Pavilion will have to compete for visitors with the rich complement of entertainment amenities offered at Universal.

At present, Universal City attracts approximately 9.3 million visits annually, with the largest share of this total captured by the Tour, at 5.1 million. Local, national and international composition of visitors varies depending on the destination. The Cineplex and amphitheater are almost totally supported by residents, while the Tour gets less than 20 percent of its visitors from the local market.

The addition of CityWalk is projected to bring another five million visitors annually to Universal City, with two million visitors strolling by Discovery Pavilion, located in the retail area of CityWalk.

School Enrollment

Discovery Pavilion plans to offer free visits or scholarships to Los Angeles County school children. School enrollment in the county is displayed in **Table 2**. As shown, more than 1.3 million students receive their education in Los Angeles County schools.

Table 2
LOS ANGELES SCHOOL ENROLLMENT
1986-1990
(000)

<u>Los Angeles County</u>	<u>Total</u>	<u>Elementary</u>	<u>Secondary</u>
1986-87	1,282	887	395
1987-88	1,316	931	385
1988-89	1,333	955	379

Los Angeles City Unified School District

1987-88	592	327	256
1988-89	595	332	254
1989-90	610	343	259

Source: Los Angeles Unified School District, Los Angeles County Board of Education, and Harrison Price Company.

Universal City is located in the City of Los Angeles, and as such, school children in this district will be targeted first for free field trips. More than 610,000 children attend Los Angeles City schools, providing a deep school age market for Discovery Pavilion.

SURVEY OF COMPARABLE MUSEUMS

A survey of comparable facilities was conducted to determine attendance parameters and competitive positioning of the proposed Discovery Pavilion. A discussion of results of this survey is presented in the following subsections.

Survey of Youth Oriented Museums in Los Angeles County

Los Angeles County has seven museums with programs geared toward both children and adults, as shown in **Table 3**. Four of the seven are Los Angeles County administered facilities which are notorious for not tracking attendance and other important operating characteristics. As such, there are several NA notations (not available). Summary characteristics for the seven institutions indicate the following ranges:

Size (Sq. Ft.)	9,275 to 400,000
Admission Fee	Free to \$5.50 (Adults)
Operating Budget	\$600,000 to \$16,200,000
Annual Attendance	85,600 to 2,000,000+
Percent School Groups	5% to 50%

Important for the success of Discovery Pavilion is the need to understand that many of these facilities offer free admission or very low admission fees. To thrive in this competitive environment, Discovery Pavilion must offer an exceptional and diverse program, unavailable at any other youth oriented museum in Los Angeles County.

Survey of Attendance/Population Ratios in Small Science Centers and Children's Museums

Capture rates of similar facilities in other markets provide a basis for projecting attendance to Discovery Pavilion. A survey of attendance to population ratios is shown in **Table 4**. An analysis of penetration rates by size of market area population discloses the following ranges of penetration:

Table 3

SURVEY OF YOUTH ORIENTED MUSEUMS IN
THE LOS ANGELES METROPOLITAN AREA
1990

Name/Location	Year Founded	Admission Fee	Operating Budget	Percent Earned Income	1989 Annual Attendance	Resident Percent	Gift Shop Per Capita Expenditure	Estimated Average Length of Stay	Percent School Groups	Size (Sq. Ft.)
Los Angeles Children's Museum	1979	\$4.00/General \$2.50/Seniors Under 2 free	\$1.5m	54%	235,700	Majority	\$0.72	1.5 hrs.	50%	17,000
California Museum of Science & Industry	1951	Free IMAX (\$5.00/Adult \$3.00/Children & Seniors)	\$8.6 million (State) \$2.0 from support organization \$10.6 total	NA	2,000,000 +	90% from 7 county area	NA	NA	5%	395,406
Page Museum	1977		\$4.4m/Foundation 9.5m/County 2.3m/Admission + Gift Shop \$16.2m (will cut 90-91)	14.2% (Natural History & Page)	1,400,000 (Natural History & Page)	NA	NA	NA		57,000
Kidspace Museum	1980	\$2.00/School Tours \$3.25 General Under 2 free \$2.75/Seniors \$2.75/Groups	\$600,000 +	NA	85,600		\$0.74 1/	0.5-2.0 hrs.	38%	9,275
Griffith Park Observatory Planetarium + Lazerium		Museum Planetarium \$3.50/Adults \$2.00/5-12 Lazerium \$6.00/Adults \$5.00/5-12	NA	NA	1,868,000 (total attend- ance for bldg.) Lazerium 144,000 Planetarium 116,000 School/45,000	NA	NA	NA	NA	Museum Exhibit 4,700 Planetarium (650 seats) 5,000 Total Bldg. 27,251
Gene Audry Western Heritage Museum	1988	\$5.50/Adults \$4.00/Students 13-18 \$2.50/Children 2-12	NA	NA	464,000	85%	NA	2.5		140,000
Museum of Natural History	1913	\$3.00/Adults \$1.50/Students 12-17 \$0.75/5-12 Under 5 free	\$4.4m/Foundation 9.5m/County 2.3m/Admission + Gift Shop \$16.2m (will be cut 90-91)	14.2% (Natural History & Page)	1,400,000 (Natural History & Page)	NA	NA	2.0 + hrs. at Natural History	NA	400,000

1/ Based on April 1989 receipts.
Source: Harrison Price Company.

Table 4

**SURVEY OF ATTENDANCE/POPULATION RATIOS IN
SELECTED SMALL SCIENCE CENTERS & CHILDREN'S MUSEUMS
(1989)**

Name/location	Total Square Footage	Annual Attendance (1989)	Estimated Metro Population (1989)	Penetration of Metro Population (Percent)
Brooklyn Children's Museum/ Brooklyn, New York	30,000	160,000	8,576,900	1.86 %
Buhl Science Center/ Pittsburgh, Pennsylvania	39,600	246,000	2,109,100	11.67
The Children's Museum of Houston/ Houston, Texas	14,400	140,000	3,197,100	4.38
Cleveland Children's Museum/ Cleveland, Ohio	8,600	95,000	1,853,900	5.12
Detroit Science Center/ Detroit, Michigan	46,000	191,070	4,396,400	4.35
Indiana State Museum/ Indianapolis, Indiana	33,431	252,000	1,243,400	20.27
Discovery Museum/ Bridgeport, Connecticut	26,000	75,604	830,900	9.10
Express/Ways Museum/ Chicago	21,000	156,000	6,216,000	2.50
The Natural Science Center of Greensboro/ Greensboro, North Carolina	33,749	250,000	932,700	25.26
Los Angeles Children Museum/ Los Angeles	17,000	235,700	8,556,500	2.75
Children's Museum of Manhattan/ New York, New York	36,000	150,000	8,576,900	1.75
Portland Children's Museum/ Portland, Oregon	14,700	79,633	1,179,500	6.75
Staten Island Children's Museum/ Staten Island, New York	20,000	80,000	8,576,900	0.93
Anarbor Hands-On Museum/ Anarbor, Michigan	15,000	106,000	4,396,400	2.41
Orlando Science Center/ Orlando, Florida	28,000	250,000	989,700	25.26
Reuben H., Fleet Science Center/ San Diego, California	42,000	687,820	2,487,900	27.65
Sacramento Science Center & Junior Museum/ Sacramento, California	10,000	85,000	1,398,200	6.08
Science Center of Iowa/ Des Moines, Iowa	26,000	143,164	389,100	36.79

Source: Harrison Price Company.

<u>Market Area Population Size</u>	<u>Range of Penetration Rates (Percent)</u>
Under 1,000,000	9.1 to 36.8
1,000,001-3,000,000	5.1 to 11.7
3,000,001 - 5,000,000	2.4 to 4.4
5,000,001 and above	0.9 to 2.8

The Reuben H. Fleet Science Center in San Diego has been excluded from the analysis; the majority of attendance is visitation to the IMAX theater and is not comparable to the proposed Discovery Pavilion.

Annual attendance at the small science centers surveyed ranges from 75,600 to 246,000 (excluding Reuben H. Fleet Science Center). Several of the museums surveyed in smaller markets achieve attendance comparable to larger regions, indicating that market area size alone is not the determining factor in attendance. Conversely, penetration rates are inversely proportional to population indicating an upper level of demand for this type of facility at about 250,000 persons, no matter the size of the market. For Discovery Pavilion to achieve attendance in excess of 250,000, programming must be extraordinary and surpass that offered at the top museums surveyed.

Survey of Selected Childrens' Museums

A survey of childrens' museums provides additional background for projecting attendance and operating characteristics at Discovery Pavilion. Data regarding attendance, school groups, budgets, size (square feet), percent earned income, year founded, percent attendance by residents and gift shop per capita expenditure were collected, as shown in **Table 5**. Results of the survey indicate operating parameters as follows:

Annual Attendance	66,000 to 890,000
Admission Fee	Free to \$6.00 (Adult)
Percent School Groups	15 to 90 percent
Operating Budget	\$1.3 million to \$9.5 million
Percent Earned Income	28 to 70 percent
Percent Resident of Attendance	45 to 98 percent
Per Capita Gift Shop Expenditure	\$0.15 to \$1.48

Table 5
SURVEY OF SELECTED CHILDREN'S MUSEUMS
1989

Name/Location	1989 Attendance	Admission Fee	Percent of Total Atten- dance School Group	Operating Budget	Size (000 Sq. Ft.)	Percent Earned Income	Operating Cost Per Sq. Ft.	Operating Cost Per Visitor	Year Founded	Resident Percent	Gift Shop Per Capita
Express/Ways Museum, Chicago	156,000 (250,000 with out-reach)	\$3.00/Adults \$2.00/Children	NA	\$1,377,510	21.0	28%	\$65.59	\$8.83	1983	95%	\$1.00
Detroit Children's Museum	66,000	Free	90% (run by School District)	NA	21.6 2/	0	NA	NA	1917	85%	\$0.15
Boston Children's Museum	500,000 (750,000 with outreach)	\$6.00/Adults \$5.00/Children (2-15 yrs.) \$2.00/1 yr.	90%	\$5,900,000	53.0	70%	\$111.32	\$11.80	1913	60%	\$2.31
Los Angeles Children's Museum	235,700	\$4.00/General \$2.50 Groups	50%	\$1,500,000	17.0	54%	\$88.24	\$6.36	1979	98%	\$0.72
Denver Children's Museum	226,000	\$2.50/Weekends \$3.00/General \$1.50/School Groups	15%	\$2,200,000	24.0 3/	60%	\$91.67	\$8.27	1973	85%	\$0.40
Please Touch/ Philadelphia	150,000	\$5.00/General 0-11 mo. - free	15%	\$1,300,000	30.0	67%	\$43.33	\$8.67	1976	95%	\$1.33
Indianapolis Children's Museum	890,000	\$4.00/Adults 4/ \$3.00/2-17 (Pass)	NA	\$9,500,000	325.0	26%	\$29.23	\$6.33	1925	67%	\$0.62
Exploratorium/San Francisco	600,000	\$6.00/Adults \$2.00/Youth \$4.00/Srs. & Grp. Under 6 free	31%	\$8,500,000	104.0	50%	\$81.73	\$14.17	1969	45%	\$1.48

1/ '86-'87 - Budget includes in-kind contributions.

2/ 8.7 million bond issue voted for new building, 60,000 sq. ft.

3/ 2.0 acre complex.

4/ Began charging admission in 1990 - added 73,000 sq. ft. Planetarium, \$15.8 million. Attendance based on January - June 1990 annualized.

Source: Harrison Price Company.

In general, museum size and annual attendance are directly related. The best attended childrens' museums in the country, the Exploratorium in San Francisco and the Indianapolis Childrens' Museum, are also the largest at 104,000 and 325,000 square feet, respectively. The museums in the general size range of Discovery Pavilion (approximately 20,000 square feet) attain annual attendance ranging from 66,000 to 226,000. There appears to be a ceiling on attendance potential for this type of museum. Discovery Pavilion will be able to exceed annual attendance 225,000 visitors only by offering a superior program in a superior location.

PROJECTED ATTENDANCE AT DISCOVERY PAVILION

It is HPC's opinion that the superior location of Discovery Pavilion in Universal City at CityWalk and the innovative concept for the facility will allow it attain higher attendance than the comparable facilities surveyed. Assuming a 19,400 square foot facility, a range of 300,000 to 350,000 visitors annually is projected. Should Discovery Pavilion break through even optimistic patronage patterns and achieve programming success exceeding all comparable projects, an annual attendance of 430,000 is possible, as derived below. It is assumed the 100,000 visitors will be school children on field trips, according to experience at comparable youth museums. Of the total attendance, 50 percent is expected to be adults 16 years of age and over, and 50 percent children. Patronage from Los Angeles County is expected to comprised 85 percent of total attendance annually.

Penetration rates of projected attendance and 1994 population in Los Angeles County and CityWalk are shown in **Table 6**. Penetration of local Los Angeles County population ranges from 2.8 to 4.0 percent. Capture of visitors to CityWalk indicate 2.0 percent penetration, based on the most current projections of visitation to the retail portion of the development. These rates are somewhat higher than those at other small science centers in markets such as New York, Chicago, and Los Angeles.

DESIGN DAY PARAMETERS

Design day attendance is defined as the average high day of the year calculated from the 15 to 20 busiest days of the year. On-site design day is the largest number of visitors to the facility at any one moment during design day. Factors for design day are derived from seasonal attendance patterns and average length of stay.

Table 6

PROJECTED VISITATION TO THE DISCOVERY PAVILION

	<u>Projected Attendance</u>		
	<u>300,000</u>	<u>350,000</u>	<u>430,000</u>
Local, Los Angeles County ¹ (85 Percent)	255,000	297,500	365,000
On-Site Visitors to Universal (2.0 % CityWalk Visitation)	40,000	40,000	40,000
Penetration Of Los Angeles County 1994 Population	2.8 %	3.2%	4.0%

¹ Based on 1994 population.

Source: Harrison Price Company.

Table 7 details monthly distribution of attendance at seven science centers and children's museums in the United States. Summer (July and August) brings the most visitation in five of the six facilities for which annual information was available. (The Indianapolis Children's Museum provided monthly totals for January through June, 1990.) The only exception is the Oregon Museum of Science and Industry, where March and August are the two busiest months. Percent of visitation occurring during the busiest month ranges from 11.5 percent at Kidspace in Pasadena to 13.1 percent at the Pacific Science Center in Seattle and the Maryland Science Center in Baltimore. HPC concludes that Discovery Pavilion's projected visitation will be only very slightly seasonal and more likely a consistent draw year-round.

Theoretical Maximum Attendance

Assuming 19,400 square feet of facility, a theoretical maximum attendance for Discovery Pavilion can be derived, as follows:

19,400 Sq. Ft. / 40 Sq. Ft. Per Person	485 on-site capacity
Divided by 0.25 (one hour average length of stay)	1,940 peak day
Divided by 0.18 (design week)	10,778
X 4.43 (peak month)	47,746
Divided by .11 (peak month)	434,050

Assuming the most favorable of factors, theoretical maximum annual attendance at Discovery Pavilion is approximately 430,000 based on seasonal visitation patterns and capacity constraints.

DESIGN DAY ATTENDANCE AND ON-SITE VISITATION

Assuming a peak month ranging from 11 to 13 percent; a peak day of 18 percent; and length of stay ranging from 1 to 2 hours, a range of facility square footage required is shown in **Table 8**. Assuming 300,000 annual attendance, a facility of 13,400 to 19,000 square feet is indicated. At a projected attendance of 350,000, square footage required ranges from approximately 15,640 square feet to 22,185 square feet. Assuming the theoretical maximum attendance achievable in 19,400 square feet, the square footage required ranges from 19,200 to 27,240. At this highest possible attendance, the facility will be extremely crowded, and possibly uncomfortable.

Table 7

MONTHLY DISTRIBUTION OF ATTENDANCE TO SELECTED YOUTH MUSEUMS
(percent)

	Kidspace Pasadena	Los Angeles Children's Museum	Oregon Mus- eum of Sci- ence & Indus- try Portland, Oregon	Pacific Sci- ence Center Seattle	Maryland Sci- ence Center, Baltimore	Reuben H. Fleet Science Center San Diego	Indianapolis Children's Museum 1/
January	8.4 %	7.9 %	6.2 %	8.2 %	4.4 %	6.8 %	6.6 %
February	9.4	9.6	9.2	6.5	7.4	7.1	6.7
March	9.8	9.2	11.9	6.6	8.0	10.8	9.8
April	8.5	9.0	8.1	8.1	10.8	8.3	9.2
May	8.9	8.2	8.6	7.5	12.7	8.4	9.3
June	9.3	8.3	8.6	8.7	9.3	8.2	8.4
July	11.2	9.4	11.4	11.7	10.5	12.4	---
August	11.5	11.3	11.7	13.1	13.1	12.1	---
September	3.7	4.4	5.2	5.8	4.8	6.5	---
October	5.2	7.9	7.4	6.6	5.9	6.9	---
November	7.7	8.0	5.8	9.6	6.2	6.1	---
December	6.4	7.0	5.9	7.8	6.8	6.4	---
Total	100.0 %	100.2 %	100.0 %	100.3 %	100.0 %	100.0 %	50.0 %

1/ Based on January - June, 1990.

Note: Totals may not add to 100 percent due to rounding.

Source: Harrison Price Company.

Table 8

**DESIGN DAY ATTENDANCE PROJECTIONS
DISCOVERY PAVILION, UNIVERSAL CITY**

300,000 ATTENDANCE

		<u>Low</u>	<u>High</u>
Peak Month	X 11 to 13 Percent	33,000	39,000
Peak Week	÷ 4.43 weeks/month	7,449	8,804
Peak Day	X 18 Percent	1,341	1,585
On-Site	X 25 to 30 Percent	335	475
Sq. Ft. Required			
At 40 Sq. Ft. Per Person		13,400	19,000

350,000 ATTENDANCE

		<u>Low</u>	<u>High</u>
Peak Month	X 11 to 13 Percent	38,500	45,500
Peak Week	÷ 4.43 weeks/month	8,691	10,271
Peak Day	X 18 Percent	1,564	1,849
On-Site	X 25 to 30 Percent	391	555
Sq. Ft. Required			
At 40 Sq. Ft. Per Person		15,640	22,185

430,000 ATTENDANCE

		<u>Low</u>	<u>High</u>
Peak Month	X 11 to 13 Percent	47,300	55,900
Peak Week	÷ 4.43 weeks/month	10,677	12,619
Peak Day	X 18 Percent	1,922	2,271
On Site	X 25 to 30 Percent	480	681
Sq. Feet Required			
at 40 Sq. Ft. Per Person		19,200	27,240

Source: Harrison Price Company.

FINANCIAL ANALYSIS - TEN YEAR OPERATING PRO FORMA

A ten year operating pro forma for the proposed Discovery Pavilion was prepared based on the range of annual attendance potentials presented previously and extending from a low of 300,000 to an extremely ambitious high end scenario of 430,000. Assumptions adopted are explained below, followed by a summary of results of the various attendance and financial scenarios considered for this exercise.

All numbers are presented in constant 1990 dollars, as a true test of financial feasibility. Based on experience at similar facilities revenues will increase at a rate comparable to or greater than the Consumer Price Index.

Assumptions - Earned Income

Line items of income include admissions, gift shop, memberships, facility rentals for meetings and parties and program fees. All numbers are presented in constant 1990 dollars.

Admission income is based on three scenarios of attendance ranging from 300,000 to 430,000. In each case, 100,000 school children are assumed to be admitted free. A scholarship fund of \$50,000 will be raised annually to cover the cost of the childrens' visits. Admission charges are assumed to be in the following range:

	<u>Admission Charge</u>	
	<u>Adult</u>	<u>Child</u>
Low	\$4.00	\$2.00
Medium	4.50	2.00
High	5.00	3.00

The low end is \$4.00 for adults and \$2.00 for children, and the high end is \$5.00 and \$3.00. Harrison Price Company is of the opinion that the high end approaches the upper limits of what a youth oriented museum in Los Angeles can successfully charge.

The assumptions adopted regarding attendance and admission fees lead to nine possible pro forma configurations. These are detailed in the appendix to this report.

Gift shop revenue is based on a \$1.00 per capita expenditure, in line with other similar facilities. Memberships are divided into individual (family) memberships sold for an average of \$50, and corporate memberships sold for \$5,000. It is assumed that 3,000 family memberships and 20 corporate memberships are sold in stabilized year three. Income from party and meeting rentals is assumed to stabilize at forty rentals annually, with a minimum rental fee of \$500 for four hours. Program fees for off-site school and traveling exhibitions and demonstrations are assumed at \$100,000 in stabilized year three.

Assumptions - Expenses

Fourteen categories of expense are considered in the pro forma, including wages, exhibits, education, public relations, parking, utilities, maintenance, contract services, administrative support and supplies, education, gift shop expense, facility rent paid to MCA, percentage rent paid to MCA on gift shop revenue, and percent rent paid on admission income .

By far the largest category of expense is wages and salaries, comprising forty percent of total operating expense. A suggested staffing plan for Discovery Pavilion is shown in **Table 9**, and includes 23 full time equivalent employees and a payroll of \$750,400. Exhibit, education, public relations, contract services, administrative support and supplies and gift shop expense (70 percent of gross gift shop receipts) are based on experience at comparable facilities. Parking for 10 employees is assumed, at \$4 daily. Utilities including telephone are estimated at \$5.00 per square foot.

Rent paid to MCA is based on a tentative lease agreement. According to the tentative lease, Discovery Pavilion will pay \$200,000 in minimum annual rent. If admission revenue excluding gift shop sales exceeds \$1,200,000, Discovery Pavilion will pay an additional 25 percent of admission revenue above this minimum. Contributions and corporate gifts do not count in any way toward percentage rent. All common area changes will be absorbed by MCA. Discovery Pavilion will also pay 8 percent of gross gift shop receipts to MCA.

Table 9

PROPOSED STAFFING PLAN FOR DISCOVERY PAVILION

<u>Position</u>	<u>Suggested Salary</u>
Director	\$ 50,000
Assistant Director	40,000
Curator / Acquisitions	35,000
Publications / Volunteer Director	30,000
Director of Education	35,000
Development & Membership	30,000
Director of Marketing	30,000
Exhibit Coordinator	35,000
Office Manager/Controller	35,000
Store Manager	25,000
Store Clerk (6.50/hr., 8 hrs.)	18,800
Administrative/Clerical	22,000
Administrative/Clerical	28,000
Janitor (2 at \$20,000)	40,000
Security (2 at \$6.50, 8 hrs.)	37,000
Part Time Floor Staff (3 at \$6.25, 8 hrs.)	54,000
Program Staff (2 at 30/hrs. week, \$6.50)	19,500
Admissions (2 at \$6.25 x 8 hrs.)	<u>36,000</u>
Subtotal	\$600,300
Benefits at 25%	<u>150,075</u>
Total	\$750,375

Source: Harrison Price Company.

Pro Forma Operating Results

Gross earned income in stabilized year three according to the nine scenarios is summarized on the following text table:

Annual Attendance	Gross Earned Income (000)		
	Admission Fees¹		
	\$4.00/ 2.00	\$4.50/ 2.00	\$5.00/ 3.00
300,000	\$1,319.9	\$1,394.9	\$1,520.0
350,000	1,545.2	1,632.7	1,795.0
430,000	1,865.1	1,978.4	2,194.9

Earned income ranges from \$1.3 million on the low end to \$2.2 million on the high end.

Operating deficit or surplus ranges from a deficit of approximately \$500,000 on the low end to a surplus of \$161,000 on the high end, as indicated below:

Annual Attendance	Net Operating Income (Surplus or Deficit)		
	Admission Fees		
	\$4.00/ 2.00	\$4.50/ 2.00	\$5.00/ 3.00
300,000	(\$484,500)	(\$409,500)	(\$289,400)
350,000	(293,250)	(226,400)	(104,700)
430,000	(86,500)	(6,000)	160,845

The deficit in all cases is assumed to be covered by an annual fund raising campaign or endowment raised during the capital campaign for Discovery Pavilion.

It should be noted that the high end scenario achieves a positive net operating income, something no other comparable facility in the United States currently enjoys.

¹ Adult/child admission fee structure.

Detailed Income and Expense Statement - 350,000 Attendance

A middle case scenario, assuming 350,000 annual attendance and admission fee of \$4.50 for adults and \$2.00 for children is shown in detail in **Table 10**. Gross earned income is \$1,632,650 with expense of \$1,859,063. Net operating deficit is \$226,413, indicating an 88 percent earned income to expense ratio. Under these assumptions Discovery Center will be among the top five percent of youth museums in the United States based on its relatively high earned income to expense ratio .

Table 10

DISCOVERY PAVILION TEN YEAR OPERATING PRO FORMA
350,000 ANNUAL ATTENDANCE
\$4.50 Adult/\$2.00 Child

ASSUMPTIONS	Year 1	Year 3	Year 5	Year 10
Per Capita Admission	\$2.68	\$2.68	\$2.68	\$2.68
Per Capita Shop	\$1.00	\$1.00	\$1.00	\$1.00
Per Capita Membership	\$50.00	\$50.00	\$50.00	\$50.00
Memberships	1,500	2,500	3,000	3,000
Attendance	315,000	350,000	350,000	350,000
Corporate Memberships	\$100,000	\$100,000	\$100,000	\$100,000
EARNED INCOME				
Admissions	\$843,885	\$937,650	\$937,650	\$937,650
Gift Shop	315,000	350,000	350,000	350,000
Memberships	175,000	225,000	250,000	250,000
Rental Income	20,000	20,000	20,000	20,000
Program Fees	80,000	100,000	100,000	100,000
Total Earned Income	\$1,433,885	\$1,632,650	\$1,657,650	\$1,657,650
EXPENSE				
Wages and Salaries	\$750,400	\$750,400	\$750,400	\$750,400
Exhibits	200,000	200,000	200,000	200,000
Education Program	150,000	150,000	150,000	150,000
Public Relations	100,000	50,000	50,000	50,000
Parking	14,500	14,500	14,500	14,500
Occupancy Cost	97,000	97,000	97,000	97,000
Maintenance	48,500	48,500	48,500	48,500
Contract Services	70,000	70,000	70,000	70,000
Admin. Support and Supplies	20,000	20,000	20,000	20,000
Shop Expense	189,000	210,000	210,000	210,000
Facility Rent	200,000	200,000	200,000	200,000
Percentage Rent (Shop)	25,200	28,000	28,000	28,000
Percent Rent on Admission Income	0	20,663	26,913	26,913
Total Expense	\$1,864,600	\$1,859,063	\$1,865,313	\$1,865,313
NET OPERATING INCOME	(\$430,715)	(\$226,413)	(\$207,663)	(\$207,663)

Source: Harrison Price Company.

APPENDIX

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DISCOVERY PAVILION TEN YEAR OPERATING PRO FORMA
300,000 ANNUAL ATTENDANCE
\$4.00 Adult/\$2.00 Child

ASSUMPTIONS	Year 1	Year 3	Year 5	Year 10
Per Capita Admission	\$2.33	\$2.33	\$2.33	\$2.33
Per Capita Shop	\$1.00	\$1.00	\$1.00	\$1.00
Per Capita Membership	\$50.00	\$50.00	\$50.00	\$50.00
Memberships	1,500	2,000	3,000	3,000
Attendance	270,000	300,000	300,000	300,000
Corporate Memberships	\$100,000	\$100,000	\$100,000	\$100,000
EARNED INCOME				
Admissions	\$629,910	\$699,900	\$699,900	\$699,900
Gift Shop	270,000	300,000	300,000	300,000
Memberships	175,000	200,000	250,000	250,000
Rental Income	20,000	20,000	20,000	20,000
Program Fees	80,000	100,000	100,000	100,000
Total Earned Income	\$1,174,910	\$1,319,900	\$1,369,900	\$1,369,900
EXPENSE				
Wages and Salaries	\$750,400	\$750,400	\$750,400	\$750,400
Exhibits	200,000	200,000	200,000	200,000
Education Program	150,000	150,000	150,000	150,000
Public Relations	100,000	50,000	50,000	50,000
Parking	14,500	14,500	14,500	14,500
Occupancy Cost	97,000	97,000	97,000	97,000
Maintenance	48,500	48,500	48,500	48,500
Contract Services	70,000	70,000	70,000	70,000
Admin. Support and Supplies	20,000	20,000	20,000	20,000
Shop Expense	162,000	180,000	180,000	180,000
Facility Rent	200,000	200,000	200,000	200,000
Percentage Rent (Shop)	21,600	24,000	24,000	24,000
Percent Rent on Admissions	0	0	0	0
Total Expense	\$1,834,000	\$1,804,400	\$1,804,400	\$1,804,400
NET OPERATING INCOME	(\$659,090)	(\$484,500)	(\$434,500)	(\$434,500)

Source: Harrison Price Company.

DISCOVERY PAVILION TEN YEAR OPERATING PRO FORMA
300,000 ANNUAL ATTENDANCE
\$4.50 Adult/\$2.00 Child

ASSUMPTIONS	Year 1	Year 3	Year 5	Year 10
Per Capita Admission	\$2.58	\$2.58	\$2.58	\$2.58
Per Capita Shop	\$1.00	\$1.00	\$1.00	\$1.00
Per Capita Membership	\$50.00	\$50.00	\$50.00	\$50.00
Memberships	1,500	2,000	3,000	3,000
Attendance	270,000	300,000	300,000	300,000
Corporate Memberships	\$100,000	\$100,000	\$100,000	\$100,000
EARNED INCOME				
Admissions	\$697,410	\$774,900	\$774,900	\$774,900
Gift Shop	270,000	300,000	300,000	300,000
Memberships	175,000	200,000	250,000	250,000
Rental Income	20,000	20,000	20,000	20,000
Program Fees	80,000	100,000	100,000	100,000
Total Earned Income	\$1,242,410	\$1,394,900	\$1,444,900	\$1,444,900
EXPENSE				
Wages and Salaries	\$750,400	\$750,400	\$750,400	\$750,400
Exhibits	200,000	200,000	200,000	200,000
Education Program	150,000	150,000	150,000	150,000
Public Relations	100,000	50,000	50,000	50,000
Parking	14,500	14,500	14,500	14,500
Occupancy Cost	97,000	97,000	97,000	97,000
Maintenance	48,500	48,500	48,500	48,500
Contract Services	70,000	70,000	70,000	70,000
Admin. Support and Supplies	20,000	20,000	20,000	20,000
Shop Expense	162,000	180,000	180,000	180,000
Facility Rent	200,000	200,000	200,000	200,000
Percentage Rent (Shop)	21,600	24,000	24,000	24,000
Percent Rent on Admissions	0	0	0	0
Total Expense	\$1,834,000	\$1,804,400	\$1,804,400	\$1,804,400
NET OPERATING INCOME	(\$591,590)	(\$409,500)	(\$359,500)	(\$359,500)

Source: Harrison Price Company.

DISCOVER PAVILION TEN YEAR OPERATING PRO FORMA
300,000 ANNUAL ATTENDANCE
\$5.00 Adult/\$3.00 Child

ASSUMPTIONS	Year 1	Year 3	Year 5	Year 10
Per Capita Admission	\$3.00	\$3.00	\$3.00	\$3.00
Per Capita Shop	\$1.00	\$1.00	\$1.00	\$1.00
Per Capita Membership	\$50.00	\$50.00	\$50.00	\$50.00
Memberships	1,500	2,000	3,000	3,000
Attendance	270,000	300,000	300,000	300,000
Corporate Memberships	\$100,000	\$100,000	\$100,000	\$100,000
EARNED INCOME				
Admissions	\$810,000	\$900,000	\$900,000	\$900,000
Gift Shop	270,000	300,000	300,000	300,000
Memberships	175,000	200,000	250,000	250,000
Rental Income	20,000	20,000	20,000	20,000
Program Fees	80,000	100,000	100,000	100,000
Total Earned Income	\$1,355,000	\$1,520,000	\$1,570,000	\$1,570,000
EXPENSE				
Wages and Salaries	\$750,400	\$750,400	\$750,400	\$750,400
Exhibits	200,000	200,000	200,000	200,000
Education Program	150,000	150,000	150,000	150,000
Public Relations	100,000	50,000	50,000	50,000
Parking	14,500	14,500	14,500	14,500
Occupancy Cost	97,000	97,000	97,000	97,000
Maintenance	48,500	48,500	48,500	48,500
Contract Services	70,000	70,000	70,000	70,000
Admin. Support and Supplies	20,000	20,000	20,000	20,000
Shop Expense	162,000	180,000	180,000	180,000
Facility Rent	200,000	200,000	200,000	200,000
Percentage Rent (Shop)	21,600	24,000	24,000	24,000
Percent Rent on Admissions	0	5,000	17,500	17,500
Total Expense	\$1,834,000	\$1,809,400	\$1,821,900	\$1,821,900
NET OPERATING INCOME	(\$479,000)	(\$289,400)	(\$251,900)	(\$251,900)

Source: Harrison Price Company.

DISCOVERY PAVILION TEN YEAR OPERATING PRO FORMA
350,000 ANNUAL ATTENDANCE
\$4.00 Adult/\$2.00 Child

ASSUMPTIONS	Year 1	Year 3	Year 5	Year 10
Per Capita Admission	\$2.43	\$2.43	\$2.43	\$2.43
Per Capita Shop	\$1.00	\$1.00	\$1.00	\$1.00
Per Capita Membership	\$50.00	\$50.00	\$50.00	\$50.00
Memberships	1,500	2,500	3,000	3,000
Attendance	315,000	350,000	350,000	350,000
Corporate Memberships	\$100,000	\$100,000	\$100,000	\$100,000
EARNED INCOME				
Admissions	\$765,135	\$850,150	\$850,150	\$850,150
Gift Shop	315,000	350,000	350,000	350,000
Memberships	175,000	225,000	250,000	250,000
Rental Income	20,000	20,000	20,000	20,000
Program Fees	80,000	100,000	100,000	100,000
Total Earned Income	\$1,355,135	\$1,545,150	\$1,570,150	\$1,570,150
EXPENSE				
Wages and Salaries	\$750,400	\$750,400	\$750,400	\$750,400
Exhibits	200,000	200,000	200,000	200,000
Education Program	150,000	150,000	150,000	150,000
Public Relations	100,000	50,000	50,000	50,000
Parking	14,500	14,500	14,500	14,500
Occupancy Cost	97,000	97,000	97,000	97,000
Maintenance	48,500	48,500	48,500	48,500
Contract Services	70,000	70,000	70,000	70,000
Admin. Support and Supplies	20,000	20,000	20,000	20,000
Shop Expense	189,000	210,000	210,000	210,000
Facility Rent	200,000	200,000	200,000	200,000
Percentage Rent (Shop)	25,200	28,000	28,000	28,000
Percent Rent on Admission Income	0	0	5,038	5,038
Total Expense	\$1,864,600	\$1,838,400	\$1,843,438	\$1,843,438
NET OPERATING INCOME	(\$509,465)	(\$293,250)	(\$273,288)	(\$273,288)

Source: Harrison Price Company.

DISCOVERY PAVILION TEN YEAR OPERATING PRO FORMA
350,000 ANNUAL ATTENDANCE
\$4.50 Adult/\$2.00 Child

ASSUMPTIONS	Year 1	Year 3	Year 5	Year 10
Per Capita Admission	\$2.68	\$2.68	\$2.68	\$2.68
Per Capita Shop	\$1.00	\$1.00	\$1.00	\$1.00
Per Capita Membership	\$50.00	\$50.00	\$50.00	\$50.00
Memberships	1,500	2,500	3,000	3,000
Attendance	315,000	350,000	350,000	350,000
Corporate Memberships	\$100,000	\$100,000	\$100,000	\$100,000
EARNED INCOME				
Admissions	\$843,885	\$937,650	\$937,650	\$937,650
Gift Shop	315,000	350,000	350,000	350,000
Memberships	175,000	225,000	250,000	250,000
Rental Income	20,000	20,000	20,000	20,000
Program Fees	80,000	100,000	100,000	100,000
Total Earned Income	\$1,433,885	\$1,632,650	\$1,657,650	\$1,657,650
EXPENSE				
Wages and Salaries	\$750,400	\$750,400	\$750,400	\$750,400
Exhibits	200,000	200,000	200,000	200,000
Education Program	150,000	150,000	150,000	150,000
Public Relations	100,000	50,000	50,000	50,000
Parking	14,500	14,500	14,500	14,500
Occupancy Cost	97,000	97,000	97,000	97,000
Maintenance	48,500	48,500	48,500	48,500
Contract Services	70,000	70,000	70,000	70,000
Admin. Support and Supplies	20,000	20,000	20,000	20,000
Shop Expense	189,000	210,000	210,000	210,000
Facility Rent	200,000	200,000	200,000	200,000
Percentage Rent (Shop)	25,200	28,000	28,000	28,000
Percent Rent on Admission Income	0	20,663	26,913	26,913
Total Expense	\$1,864,600	\$1,859,063	\$1,865,313	\$1,865,313
NET OPERATING INCOME	(\$430,715)	(\$226,413)	(\$207,663)	(\$207,663)

Source: Harrison Price Company.

DISCOVERY PAVILION TEN YEAR OPERATING PRO FORMA
350,000 ANNUAL ATTENDANCE
\$5.00 Adult/\$3.00 Child

ASSUMPTIONS	Year 1	Year 3	Year 5	Year 10
Per Capita Admission	\$3.14	\$3.14	\$3.14	\$3.14
Per Capita Shop	\$1.00	\$1.00	\$1.00	\$1.00
Per Capita Membership	\$50.00	\$50.00	\$50.00	\$50.00
Memberships	1,500	2,500	3,000	3,000
Attendance	315,000	350,000	350,000	350,000
Corporate Memberships	\$100,000	\$100,000	\$100,000	\$100,000
EARNED INCOME				
Admissions	\$989,982	\$1,099,980	\$1,099,980	\$1,099,980
Gift Shop	315,000	350,000	350,000	350,000
Memberships	175,000	225,000	250,000	250,000
Rental Income	20,000	20,000	20,000	20,000
Program Fees	80,000	100,000	100,000	100,000
Total Earned Income	\$1,579,982	\$1,794,980	\$1,819,980	\$1,819,980
EXPENSE				
Wages and Salaries	\$750,400	\$750,400	\$750,400	\$750,400
Exhibits	200,000	200,000	200,000	200,000
Education Program	150,000	150,000	150,000	150,000
Public Relations	100,000	50,000	50,000	50,000
Parking	14,500	14,500	14,500	14,500
Occupancy Cost	97,000	97,000	97,000	97,000
Maintenance	48,500	48,500	48,500	48,500
Contract Services	70,000	70,000	70,000	70,000
Admin. Support and Supplies	20,000	20,000	20,000	20,000
Shop Expense	189,000	210,000	210,000	210,000
Facility Rent	200,000	200,000	200,000	200,000
Percentage Rent (Shop)	25,200	28,000	28,000	28,000
Percent Rent on Admission Income	0	61,245	67,495	67,495
Total Expense	\$1,864,600	\$1,899,645	\$1,905,895	\$1,905,895
NET OPERATING INCOME	(\$284,618)	(\$104,665)	(\$85,915)	(\$85,915)

Source: Harrison Price Company.

DISCOVERY PAVILION TEN YEAR OPERATING PRO FORMA
430,000 ANNUAL ATTENDANCE
\$4.00 Adult/\$2.00 Child

ASSUMPTIONS	Year 1	Year 3	Year 5	Year 10
Per Capita Admission	\$2.54	\$2.54	\$2.54	\$2.54
Per Capita Shop	\$1.00	\$1.00	\$1.00	\$1.00
Per Capita Membership	\$50.00	\$50.00	\$50.00	\$50.00
Memberships	1,500	2,500	3,000	3,000
Attendance	387,000	430,000	430,000	430,000
Corporate Memberships	\$100,000	\$100,000	\$100,000	\$100,000
EARNED INCOME				
Admissions	\$981,045	\$1,090,050	\$1,090,050	\$1,090,050
Gift Shop	387,000	430,000	430,000	430,000
Memberships	175,000	225,000	250,000	250,000
Rental Income	20,000	20,000	20,000	20,000
Program Fees	80,000	100,000	100,000	100,000
Total Earned Income	\$1,643,045	\$1,865,050	\$1,890,050	\$1,890,050
EXPENSE				
Wages and Salaries	\$750,400	\$750,400	\$750,400	\$750,400
Exhibits	200,000	200,000	200,000	200,000
Education Program	150,000	150,000	150,000	150,000
Public Relations	100,000	50,000	50,000	50,000
Parking	14,500	14,500	14,500	14,500
Occupancy Cost	97,000	97,000	97,000	97,000
Maintenance	48,500	48,500	48,500	48,500
Contract Services	70,000	70,000	70,000	70,000
Admin. Support and Supplies	20,000	20,000	20,000	20,000
Shop Expense	232,200	258,000	258,000	258,000
Facility Rent	200,000	200,000	200,000	200,000
Percentage Rent (Shop)	30,960	34,400	34,400	34,400
Percent Rent on Admission Income	14,011	58,763	65,013	65,013
Total Expense	\$1,927,571	\$1,951,563	\$1,957,813	\$1,957,813
NET OPERATING INCOME	(\$284,526)	(\$86,513)	(\$67,763)	(\$67,763)

Source: Harrison Price Company.

DISCOVERY PAVILION TEN YEAR OPERATING PRO FORMA
430,000 ANNUAL ATTENDANCE
\$4.50 Adult/\$2.00 Child

ASSUMPTIONS	Year 1	Year 3	Year 5	Year 10
Per Capita Admission	\$2.79	\$2.79	\$2.79	\$2.79
Per Capita Shop	\$1.00	\$1.00	\$1.00	\$1.00
Per Capita Membership	\$50.00	\$50.00	\$50.00	\$50.00
Memberships	1,500	2,500	3,000	3,000
Attendance	387,000	430,000	430,000	430,000
Corporate Memberships	\$100,000	\$100,000	\$100,000	\$100,000
EARNED INCOME				
Admissions	\$1,077,795	\$1,197,550	\$1,197,550	\$1,197,550
Gift Shop	387,000	430,000	430,000	430,000
Memberships	175,000	225,000	250,000	250,000
Rental Income	20,000	20,000	20,000	20,000
Program Fees	80,000	100,000	100,000	100,000
Total Earned Income	\$1,739,795	\$1,972,550	\$1,997,550	\$1,997,550
EXPENSE				
Wages and Salaries	\$750,400	\$750,400	\$750,400	\$750,400
Exhibits	200,000	200,000	200,000	200,000
Education Program	150,000	150,000	150,000	150,000
Public Relations	100,000	50,000	50,000	50,000
Parking	14,500	14,500	14,500	14,500
Occupancy Cost	97,000	97,000	97,000	97,000
Maintenance	48,500	48,500	48,500	48,500
Contract Services	70,000	70,000	70,000	70,000
Admin. Support and Supplies	20,000	20,000	20,000	20,000
Shop Expense	232,200	258,000	258,000	258,000
Facility Rent	200,000	200,000	200,000	200,000
Percentage Rent (Shop)	30,960	34,400	34,400	34,400
Percent Rent on Admission Income	38,199	85,638	91,888	91,888
Total Expense	\$1,951,759	\$1,978,438	\$1,984,688	\$1,984,688
NET OPERATING INCOME	(\$211,964)	(\$5,888)	\$12,863	\$12,863

Source: Harrison Price Company.

DISCOVERY PAVILION TEN YEAR OPERATING PRO FORMA
430,00 ANNUAL ATTENDANCE
\$5.00 Adult/\$3.00 Child

ASSUMPTIONS	Year 1	Year 3	Year 5	Year 10
Per Capita Admission	\$3.30	\$3.30	\$3.30	\$3.30
Per Capita Shop	\$1.00	\$1.00	\$1.00	\$1.00
Per Capita Membership	\$50.00	\$50.00	\$50.00	\$50.00
Memberships	1,500	2,500	3,000	3,000
Attendance	387,000	430,000	430,000	430,000
Corporate Memberships	\$100,000	\$100,000	\$100,000	\$100,000
EARNED INCOME				
Admissions	\$1,277,874	\$1,419,860	\$1,419,860	\$1,419,860
Gift Shop	387,000	430,000	430,000	430,000
Memberships	175,000	225,000	250,000	250,000
Rental Income	20,000	20,000	20,000	20,000
Program Fees	80,000	100,000	100,000	100,000
Total Earned Income	\$1,939,874	\$2,194,860	\$2,219,860	\$2,219,860
EXPENSE				
Wages and Salaries	\$750,400	\$750,400	\$750,400	\$750,400
Exhibits	200,000	200,000	200,000	200,000
Education Program	150,000	150,000	150,000	150,000
Public Relations	100,000	50,000	50,000	50,000
Parking	14,500	14,500	14,500	14,500
Occupancy Cost	97,000	97,000	97,000	97,000
Maintenance	48,500	48,500	48,500	48,500
Contract Services	70,000	70,000	70,000	70,000
Admin. Support and Supplies	20,000	20,000	20,000	20,000
Shop Expense	232,200	258,000	258,000	258,000
Facility Rent	200,000	200,000	200,000	200,000
Percentage Rent (Shop)	30,960	34,400	34,400	34,400
Percent Rent on Admission Income	88,219	141,215	147,465	147,465
Total Expense	\$2,001,779	\$2,034,015	\$2,040,265	\$2,040,265
NET OPERATING INCOME	(\$61,905)	\$160,845	\$179,595	\$179,595

Source: Harrison Price Company.

